

# Hamburgische Landesbank Girozentrale

Hamburg, Germany

## Ratings and Contacts

Category	Moody's Rating	Other Short Term -Dom Curr	P-1
Bank Deposits	Aa1/P-1	<b>Analyst</b>	<b>Phone</b>
Bank Financial Strength	C+	Johannes Wassenberg/London	44.20.7772.5454
Issuer Rating	Aa1	Michael Dawson-Kropf/London	
Senior Unsecured	Aa1	Samuel S. Theodore/London	
Subordinate -Dom Curr	Aa1		

## Key Indicators

### Hamburgische Landesbank Girozentrale (CONSOLIDATED)

	[1]2001	2000	1999	1998	1997	[2]Avg/CAGR
Total assets (EUR bn)	92.7	85.6	78.4	71.4	61.6	10.7
Total capital (EUR bn)	6.2	6.1	5.5	4.1	3.7	13.5
Return on average assets	0.11	0.07	0.07	0.06	0.15	0.09
Recurring earning power[3]	0.45	0.36	0.36	0.37	0.42	0.39
Net interest margin	0.77	0.72	0.75	0.77	0.67	0.74
Cost / income ratio	56.76	63.91	64.77	66.45	65.03	63.38
Problem loans % gross loans	—	—	—	—	—	—
Tier 1 ratio (%)	—	—	—	—	—	—

[1] As of Dec. 31. [2] Compound Annual Growth Rate for total assets and total capital. [3] Preprovision income % average assets.

## Opinion

### Credit Strengths

Credit strengths for Hamburgische Landesbank are:

- Improving profitability comparing favourably to that of other Landesbanken peers but still low in an international context
- Steady improvement of efficiency achieved by good cost control
- Good economic capitalisation for a Landesbank

### Credit Challenges

Credit challenges for Hamburgische Landesbank are:

- Phasing-out of ownership support mechanisms in 2005 will subject future non-guaranteed ratings to a number of developing assumptions about the bank's business model and its intrinsic franchise strength
- Margins under pressure from higher funding costs and the challenge of sufficiently adjusted loan pricing
- Deterioration in asset quality, combined with a strong increase in loan loss provisions, threatens to undermine operating profitability

### Rating Rationale

The Aa1 long-term and Prime-1 short-term deposit ratings of Hamburgische Landesbank GZ (HLB) are based on the bank's strong ownership and support mechanisms. Both the Hanseatic City of Hamburg, which owns 50.5%, and Landesbank Schleswig-Holstein GZ (LB Kiel, rated Aa1/Prime-1/C+), which owns 49.5%, jointly and severally provide HLB with Anstaltslast (a maintenance obligation) and Gewährträgerhaftung (a guarantee or statutory owners' obligation). These two legal principles amount, in essence, to a guarantee. The Aa1 rating also largely benefits from the indirect credit strength of North-Rhine Westphalia, which through its indirect stake in LB Kiel via WestLB also provides Anstaltslast and Gewährträgerhaftung. HLB's C+ financial strength rating (FSR) is based on its adequate financial fundamentals, as well as on the continuing challenges in maintaining the competitive edge of its possibly less defensible wholesale franchise.

### Rating Outlook - Negative

The outlook on all ratings is negative. The C+ FSR has been maintained on negative outlook, due to the possible adverse

effects of the EU Competition Commission's ruling on an alleged capital benefit.

We recently changed the outlook on the bank's debt and deposit ratings to negative from stable, following the announcement of a merger with Landesbank Schleswig-Holstein, due to become effective January 2003. This negative outlook reflects our concerns that over time the merged, new bank may become marginally more removed from some of its ultimate guarantors, such as North-Rhine Westphalia, who currently still underpin the rating.

### What Would Change the Rating - UP

- The debt/deposit rating would benefit from an improvement of the creditworthiness of its owners that are currently supporting Hamburgische Landesbank.
- The FSR would benefit from improving profitability, efficiency and greater diversification of credit risk

### What Would Change the Rating - DOWN

- The FSR would suffer from a negative ruling by the European Commission about the capital benefits, with retroactive interest charges and higher interest payments going forward potentially undermining recurring earning power. The FSR would also come under downward pressure from an increase in concentration risk in ship and aircraft financing in the combined entity following the merger with LB Kiel, as well as from the possibility of a weakened economic capitalisation following the announced spin-off of its stake in Wohnungsbauförderungsanstalt
- The debt/ deposit rating would come under pressure from a shift in the direct and indirect shareholders' implicit support, removing Hamburgische Landesbank further from its ultimate guarantors, which would add further uncertainty about the timeliness of support.

### Recent Events

Hamburgische Landesbank and Landesbank Schleswig-Holstein have recently decided to merge, creating a public limited company (AG) out of the merged entity in 2003.

### Recent Results

As of 30.09. 2002, pre-provision income was stable at €415 m (+0.4%) compared to first nine months of 2001.

## Franchise And Management Strategy

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### ***Strong Ownership And Support Mechanisms Underpin Deposit Ratings***

The Aa1 long-term and Prime-1 short-term deposit ratings of Hamburgische Landesbank Girozentrale (Hamburgische LB) reflect the strength of its ownership and its support mechanisms. Hamburgische LB has two public-law owners:

- 50.5% Free and Hanseatic City of Hamburg (Hamburg)
- 49.5% Landesbank Schleswig-Holstein Girozentrale (LB Kiel, rated Aa1/P-1/C+)

Both public-law owners jointly and severally support Hamburgische LB by means of two legal principles, which, in essence, amount to a guarantee:

- **Anstaltslast** (a maintenance obligation or institutional liability)
- **Gewährträgerhaftung** (known as an owner's statutory obligation or guarantee obligation)

In assessing the creditworthiness of Hamburgische LB, we primarily (but not exclusively) focus on those owners that mainly support the rating of LB Kiel, which in our view is the dominant support provider for this specific Landesbank.

In turn, LB Kiel's ultimate creditworthiness is largely based on its own joint and several support providers, including Westdeutsche Landesbank GZ (Aa1/Prime-1/D) and Landesbank Baden-Württemberg GZ (Aaa/Prime-1/C+).

Moody's does not generally make a rating distinction between debt seniority (i.e. senior versus subordinated debt) in the context of such support mechanisms.

### ***However, The Support Mechanisms Will Disappear In 2005***

Following an agreement between the EU Commission and the Federal Republic of Germany in July 2001, the support mechanisms for the country's public banks will be removed in 2005. However, liabilities incurred before 19 July 2005 and maturing before 2016, as well as all liabilities incurred before 19 July 2001 (without limitation on their maturity) will be 'grandfathered'.

As regards the grandfathered obligations, Moody's is monitoring the ongoing willingness and ability of the support providers to ensure timeliness of payment of such obligations. If we perceive any change, either in this willingness or in the credit quality of the support providers, the supported ratings may change.

Hence the change in our rating outlook on the bank's debt and deposit ratings from stable to negative. Whereas we still believe that the support providers face strong incentives in supporting public sector banks in their own regions, we are also carefully monitoring the extent to which support providers will continue to offer timely support to banks outside their region.

### ***Non-Guaranteed Ratings Are Subject To Fundamental And Ongoing Developments***

The ratings on Hamburgische LB's liabilities without grandfathering provisions (i.e. liabilities incurred at any time from now on, or before 19 July 2005 and maturing after 31 December 2015, as well as any debt issued after 18 July 2005) are currently subject to a number of assumptions that are still developing:

- **Further consolidation:** We have repeatedly questioned the ability of the German banking system to support a large quantity of wholesale banks. In our view, the merger with Landesbank Schleswig Holstein presents a step in the right direction, but we remain doubtful whether the merger - in the form as announced so far - will create a sufficiently strong franchise to have a significant impact on the ratings. An additional link-up with the savings banks - either as a further consolidated entity or as a strong "Finanzverbund" with cross-support mechanisms, greater synergies and cross-selling potential - would have a positive impact on the ratings.
- **Evolution of a more competitive and profit-driven business structure:** In this respect, the new reality could lead to a higher financial strength rating, provided that the development is positive, or to a lower financial strength rating if the risks taken to achieve new objectives are unduly high. We believe Hamburgische LB's transition has progressed further than that of most of its Landesbanken peers.

### ***A New Ownership Structure Will Take Effect In The Course Of 2003***

In September 2002, the owners of Landesbank Schleswig-Holstein and Hamburgische Landesbank decided to merge. If this merger plan will be approved by the governments and the parliaments of the federal states (Bundesländer) of Hamburg and Schleswig-Holstein before August 2003, the new merged entity will form a public limited company (AG), becoming effective backdated to 1 January 2003.

The new bank should become one of the world's leading ship-financing institutions, whereas the aircraft financing activities of Hamburgische Landesbank will become somewhat diluted in the new entity, which will comprise total assets of about €180 billion and more than 4,000 employees, making it the fourth largest Landesbank in terms of assets.

Whilst we appreciate that the merger could potentially release synergies or economies of scale, we remain cautious as regards the extent to which management will be able to take appropriate business decisions without taking into account political considerations, such as balancing activities, employees and taxable revenue generation equally between Hamburg and Kiel.

### ***Maintaining Edge In Highly Competitive Business Areas Will Prove Challenging***

We consider Hamburgische LB primarily as a regional and international wholesale bank, although it nominally fulfils the traditional three roles of a German Landesbank, namely:

- (a) **Central bank** to Sparkassen (savings banks), although on a voluntary basis.
- (b) **House bank** (central credit institution) **for Hamburg**, supporting the Land in its funding and regional development activities.
- (c) **Universal bank** engaged in most aspects of wholesale commercial and investment banking, particularly in the region.

Overall, we do not consider Hamburgische LB's franchise to be particularly defensible. Its chosen business areas are highly competitive, both nationally and internationally. Maintaining a competitive edge will remain a challenge for Hamburgische LB. Nonetheless, the strategic reorganisation - dividing activities into **core businesses** (in which the bank has a proven record, such as ship finance or corporate real estate), **basic businesses** (which the bank considers necessary for itself) and **development businesses** (areas that offer growth and revenue potential, such as equity participations in real estate companies) - has enhanced the bank's customer focus and over time should enable the bank to improve its risk-return profile.

## **Financial Fundamentals**

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### ***Modest Profitability And Good Efficiency Make Hamburgische Landesbank One Of The Leading German Landesbanken***

Hamburgische LB's profitability and efficiency indicators have continued to perform well compared to other Landesbanken, but remain modest when viewed in an international context.

Despite considerable loan growth over the past few years, the bank has managed to improve its margin levels. Despite interest payments on silent participations being deducted from net interest income, Hamburgische LB has still succeeded in significantly improving its recurring earnings power and its cost-to-income ratio over the past couple of years, in contrast with many Landesbanken.

### ***European Commission's Ruling On Capital Consolidation Is Still Pending***

In July 1999, the European Competition Commission ruled on WestLB regarding a long-standing complaint about an alleged capital benefit due to the consolidation of capital from regional public-law residential housing associations in 1992.

Hamburgische LB is a defendant in a similar European Commission investigation, and the WestLB ruling could be viewed as a precedent, although HLB's regards its case as being different. The negative outlook on Hamburgische LB's C+ financial strength rating incorporates a possible charge for retroactive interest due, as well as possibly higher annual interest payments in return for the capital benefits going forward. Any improvements in underlying profitability could be neutralised by these additional charges.

### ***Asset Quality Has Deteriorated Mainly Due To Domestic Business Rather Than Some Other High-Risk Activities***

Although asset quality indicators are still generally acceptable, loan loss provisions climbed to an unprecedented 60% of pre-provision income. In addition, we view Hamburgische LB's asset quality as slightly more volatile than that of its peers, mainly as a result of the following factors:

- Its relatively significant exposures in potentially more volatile regions of Southeast Asia compared to its peers.
- Its legacy mortgage loan portfolio in the Eastern German states, which have increased loan loss provisioning needs for a number of German banks; however, we do not expect any substantial surprises since most risks have been identified and provided for
- Equity investments in real estate companies

- The group's extensive exposure in ship financing, itself a more cyclical industry. However, we consider Hamburgische LB's exposures in this area as well diversified and well managed.

Hamburgische LB is a large investor in secondary market credit risk, but we believe the exposures are managed within generally acceptable risk parameters from the bank's buy-and-hold perspective.

We consider the bank's appetite for market risk as moderate.

***Good Economic Capitalisation For A Landesbank - Adequate By International Standards***

The bank has increased its core capital significantly by issuing silent participations. As a result, its economic capitalisation now compares favourably with that of its Landesbanken peers and would be considered acceptable by international standards.

However, some aspects of the silent participations, such as fixed interest charges and restricted voting rights, limit the full economic benefits of such alternative capital.

## Issuer Profile

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Hamburgische Landesbank Girozentrale (Halaba) is Germany's sixth-largest Landesbank(out of twelve) with total consolidated assets of € 92,7 bn as of year-end 2001.

Headquartered in Hamburg, the bank was created in 1938. Halaba is owned by the Free and Hanseatic City of Hamburg (49.5%), Landesbank Schleswig-Holstein (49.5%) and HLB Beteiligungsgesellschaft mbH (1%).

Halaba operates branches internationally and in its domestic market, and together with its subsidiaries activities cover such areas as wholesale banking, shipping industry financing, real estate, credit investments and refinancing.

Halaba group employed 2,343 staff at year-end 2001.

The Bank holds stakes in a number of other financial institutions. The most significant are the following:

100%	Hamburgische LB Finance (Guernsey) Ltd.
100%	Hamburgische Landesbank (Guernsey) Ltd
82%	Hamburgische Wohnungsbaukreditanstalt (WK), Hamburg
100%	Kommanditgesellschaft Altstadt Verwaltungsgesellschaft & Co., Grundstuecksgesellschaft, Hamburg
3.1%	DekaBank DGZ, Frankfurt am Main

## Hamburgische Landesbank Girozentrale (Consolidated)

	12/31/2001	12/31/2000	12/31/1999	12/31/1998	12/31/1997
<b>Summary Balance Sheet (EUR million)</b>					
Cash & central bank	80	65	388	72	17
Due from banks	19,267	19,331	17,232	17,602	15,008
Securities	28,898	25,184	22,026	19,470	17,284
Gross loans [6]	42,115	38,842	37,558	33,232	27,935
Loan loss reserves (LLR)	-743	-672	-775	-670	--
Insurance assets	0	0	0	0	0
Fixed assets	150	144	129	116	115
Other assets	2,900	2,740	1,840	1,622	1,253
Total assets	92,667	85,635	78,398	71,444	61,611
Total assets (USD million) [1]	82,084	80,634	78,721	83,373	67,273
Demand deposits	4,691	3,540	2,760	3,090	1,661
Savings deposits [2]	25,777	19,957	17,918	17,356	16,253
Due to banks	31,630	31,919	33,849	30,317	24,621
Market funds	21,343	21,140	15,682	14,408	13,436
Insurance liabilities	0	0	0	0	0
Other liabilities	3,039	3,026	2,720	2,210	1,908
Total liabilities	86,480	79,583	72,928	67,381	57,880
Subordinated debt	1,519	1,435	959	768	638
Shareholders' equity	3,404	3,322	3,301	2,267	2,210
Total capital funds	6,186	6,052	5,470	4,063	3,731
Total liabilities & capital funds	92,667	85,635	78,398	71,444	61,611
Derivatives - notional amount	118,005	100,062	87,325	80,344	88,468
Derivatives - replacement value	2,835	3,156	2,458	3,372	1,174
Contingent Liabilities	7,765	7,436	6,740	6,663	6,420
Risk weighted assets (RWA)	51,087	43,999	--	--	--
Assets under management (EUR million) [3]	--	--	--	--	8
Number of employees	2,343	2,181	2,073	2,009	1,940
<b>Summary Income Statement</b>					
+Interest income	4,597	4,568	3,794	3,701	3,365
-Interest expense	4,000	4,070	3,320	3,282	3,062
=Net interest income	597	497	473	419	303
+Trading income	18	8	5	25	25
+Fee and commission income	103	103	76	76	63
+Insurance income (net)	0	0	0	0	0
+Other operating income	220	209	207	206	280
=Operating income	938	817	762	725	672
-Personnel expenses	164	152	138	128	114
-Other operating expenses	343	348	335	336	305
= Operating funds flow	431	316	289	262	253
-Amortisation/depreciation	26	22	21	18	18
(Total operating expenses)	532	522	493	482	437
=Preprovision income (PPI)	405	295	268	243	235
-Risk provisions	246	115	111	105	52
+Other non operating adjustments [4]	-12	-22	-33	-47	-7
+Extraordinary profit / loss	0	0	0	0	-1
=Pretax income	147	157	124	92	175
-Taxes	49	98	74	50	93
=Net income	98	59	50	42	83
-Minority interests	0	0	0	0	0
=Net income (group share)	98	59	50	42	83
<b>Growth Rates (%)</b>					
Gross loans	8.42	3.42	13.02	18.96	29.96
Total assets	8.21	9.23	9.73	15.96	19.80
Customer deposits (demand and savings)	29.67	13.64	1.13	14.13	22.37
Net interest income	20.03	5.03	13.01	38.11	29.53
Fee and commission income	-0.11	35.10	0.24	19.58	44.48
Operating expenses	1.91	5.85	2.33	10.37	129.55
Preprovision income	37.47	9.90	10.25	3.64	34.90
Net Income	64.88	18.55	18.54	-48.95	162.68



## Hamburgische Landesbank Girozentrale (Consolidated)

	12/31/2001	12/31/2000	12/31/1999	12/31/1998	12/31/1997
<b>Income Statement in % Average Risk Weighted Assets</b>					
Net interest income	1.26	1.13	--	--	--
Trading income	0.04	0.02	--	--	--
Fee and commission income	0.22	0.23	--	--	--
Insurance income	0.00	0.00	--	--	--
Operating income	1.97	1.86	--	--	--
Operating expenses	1.12	1.19	--	--	--
Preprovision income	0.85	0.67	--	--	--
Risk provisions	0.52	0.26	--	--	--
Extraordinary profit	0.00	0.00	--	--	--
Net income	0.21	0.14	--	--	--
<b>Liquidity, Funding (including sub debt) &amp; Balance Sheet Composition</b>					
Avg. liquid assets % avg. total assets	52.06	51.35	51.25	52.20	52.84
Avg. gross loans % avg. total assets	45.40	46.58	47.24	45.97	43.73
Avg. customer deposits % avg. total funding	33.12	29.62	29.99	31.30	30.95
Avg. interbank funds % avg. total funding	39.00	44.09	46.80	44.83	42.93
Avg. market funds (excl. interbank) % avg. total funding	26.07	24.69	21.95	22.72	25.03
Avg. sub debt % total funding	1.81	1.61	1.26	1.15	1.09
Avg. liquid assets % avg. customer deposits	172.01	190.67	186.73	181.06	183.48
Avg. gross loans % avg. customer deposits	150.02	172.95	172.14	159.46	151.84
Avg. market funds reliance [5]	-62.22	-62.46	-66.52	-68.08	-67.62
Avg. RWA % avg. total assets	53.33	53.65	--	--	--
<b>Breakdown of Operating Income in %</b>					
Net interest income % operating income	63.66	60.85	62.15	57.74	45.16
Trading income % operating income	1.95	0.97	0.71	3.43	3.72
Fee and commission income % operating income	10.94	12.57	9.98	10.45	9.44
Insurance income % operating income	0.00	0.00	0.00	0.00	0.00
Other operating income % operating income	23.45	25.62	27.16	28.38	41.68
<b>Profitability</b>					
Yield on avg. earning assets (%)	5.38	5.80	5.26	5.80	6.28
Cost of interest bearing liabilities (%)	4.91	5.46	4.84	5.36	5.82
Net interest margin (%)	0.77	0.72	0.75	0.77	0.67
Recurring earning power (PPI % avg. assets)	0.45	0.36	0.36	0.37	0.42
Risk-weighted recurring earning power (PPI % avg. RWA)	0.85	0.67	--	--	--
Return on average assets (%)	0.11	0.07	0.07	0.06	0.15
Return on avg. RWA (%)	0.21	0.14	--	--	--
Return on equity (period end) (%)	2.88	1.79	1.52	1.86	3.75
Net interest income coverage of risk provisions	2.43	4.31	4.25	4.01	5.84
Risk provisions % preprovision income	60.63	39.14	41.52	42.97	22.12
Internal capital growth (%)	2.95	0.84	0.87	1.91	5.99
Dividend payout ratio (%)	0.00	53.37	60.67	0.00	26.47
<b>Efficiency</b>					
Cost/income ratio (operating expenses % operating income)	56.76	63.91	64.77	66.45	65.03
Operating expenses % average assets	0.60	0.64	0.66	0.72	0.77
Operating income / employee (EUR thousand)	400.14	374.62	367.50	361.10	346.20
Operating expenses / employee (EUR thousand)	227.11	239.41	238.02	239.94	225.14
PPI / employee (EUR thousand)	173.03	135.21	129.48	121.16	121.06
Total assets / employee (EUR million)	39.55	39.26	37.83	35.56	31.76
<b>Asset Quality and Risk Measurement</b>					
Problem loans % gross loans	--	--	--	--	--
LLR % problem loans	--	--	--	--	--
LLR % gross loans	1.76	1.73	2.06	2.02	--
Risk provisions % gross loans	0.58	0.30	0.30	0.31	0.19
Problem loans % (shareholders' equity + LLR)	--	--	--	--	--
Replacement value % shareholder's equity	83.29	95.01	74.46	148.76	53.13
<b>Capital Adequacy (Period End)</b>					
Tier 1 ratio (%)	--	--	--	--	--
Total capital ratio (%)	10.40	11.70	--	--	--
Shareholders' equity % total assets	3.67	3.88	4.21	3.17	3.59
Equity participations % shareholders' equity	4.48	2.27	1.17	0.06	0.06

[1] USD figure uses the historical exchange rate against the EUR (against the DEM prior to 1999).

[2] Full disclosure may not be available for all years. The amount is then included in "demand deposits".

[3] As reported by the bank.

[4] This may include value adjustments of securities.

[5] Avg. [(market funds-liquid assets) % (earning assets-liquid assets)]

[6] Gross loans for all years post 1997.

Coupon	Type of Debt	Maturity	Moody's Rating
<b>Hamburgische Landesbank Girozentrale (Consolidated)</b>			
—	Issuer Rating	—	Aa1
—	Euro MTN Program	—	Aa1
—	Euro MTN Program	—	Aa1
—	Euro MTN Program	—	Aa1
—	Euro MTN Program	—	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2041	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2040	Aa1
5.38%	Sub. Euro Medium Term Notes	2038	Aa1
—	Flt Rt Euro Medium Term Notes	2031	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2031	Aa1
6.44%	Sub. Euro Medium Term Notes	2030	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2030	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2030	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2030	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2030	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2030	Aa1
5.00%	Sub. Euro Medium Term Notes	2029	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2020	Aa1
—	Sub. Flt Rt Euro Medium Term Notes	2015	Aa1
3.85%	Subordinated Step Down Euro MTNs	2014	Aa1
5.38%	German Bonds	2011	Aa1
5.36%	German Bonds	2011	Aa1
—	Flt. Rt. German Notes	2011	Aa1
5.00%	German Bonds	2011	Aa1
5.63%	German Bonds	2010	Aa1
—	Flt. Rt. German Notes	2010	Aa1
5.25%	German Bonds	2010	Aa1
5.25%	German Bonds	2009	Aa1
—	Flt. Rt. German Notes	2009	Aa1
4.75%	German Bonds	2009	Aa1
6.00%	German Bonds	2009	Aa1
4.25%	German Bonds	2009	Aa1
—	Flt. Rt. German Notes	2008	Aa1
4.50%	German Bonds	2008	Aa1
—	Flt. Rt. German Notes	2008	Aa1
5.00%	German Bonds	2007	Aa1
5.50%	German Bonds	2007	Aa1
5.00%	German Bonds	2007	Aa1
—	Flt. Rt. German Notes	2007	Aa1
4.88%	German Bonds	2006	Aa1
4.38%	German Bonds	2006	Aa1
—	Flt. Rt. German Notes	2006	Aa1
—	Flt Rt Euro Medium Term Notes	2006	Aa1
5.00%	German Bonds	2006	Aa1
7.00%	Index Linked Euro Medium Term Notes	2006	Aa1
4.00%	Step Up German Bonds	2005	Aa1
4.75%	German Bonds	2005	Aa1
5.63%	German Bonds	2005	Aa1
5.25%	German Bonds	2005	Aa1
4.13%	German Bonds	2005	Aa1
5.38%	German Bonds	2005	Aa1
0.00%	Zero Cpn. Index Lkd. Eurobonds	2005	Aa1
0.00%	Zero Cpn. Index Lkd. Eurobonds	2005	Aa1
0.00%	Zero Cpn. Index Lkd. Eurobonds	2005	Aa1
0.00%	Zero Cpn. Index Lkd. Eurobonds	2005	Aa1
0.00%	Zero Cpn. Index Lkd. Eurobonds	2005	Aa1



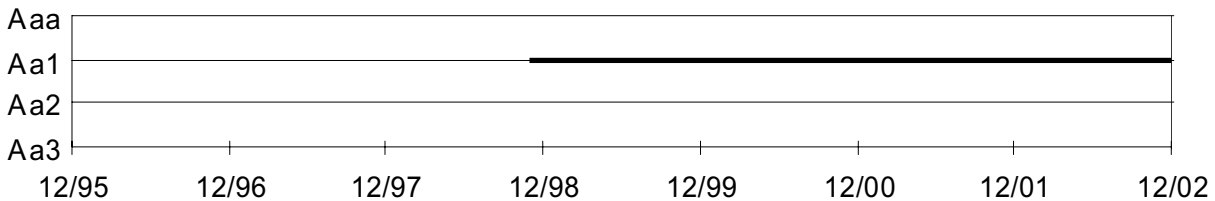
Coupon	Type of Debt	Maturity	Moody's Rating
<b>Hamburgische Landesbank Girozentrale (continued)</b>			
0.00%	Zero Cpn. Index Lkd. Eurobonds	2005	Aa1
4.50%	German Bonds	2005	Aa1
7.14%	Index Linked Euro Medium Term Notes	2005	Aa1
7.20%	Index Linked Euro Medium Term Notes	2005	Aa1
4.50%	German Bonds	2004	Aa1
3.88%	German Bonds	2004	Aa1
4.50%	German Bonds	2004	Aa1
—	Flt. Rt. German Notes	2004	Aa1
4.25%	German Bonds	2003	Aa1
5.13%	German Bonds	2003	Aa1
—	Flt. Rt. German Notes	2003	Aa1
3.50%	German Bonds	2003	Aa1
4.25%	German Bonds	2003	Aa1
—	Flt Rt Euro Medium Term Notes	2003	Aa1
4.50%	German Bonds	2003	Aa1
5.00%	German Bonds	2002	Aa1
4.00%	German Bonds	2002	Aa1
4.88%	German Bonds	2002	Aa1
3.13%	German Bonds	2002	Aa1
3.00%	German Bonds	2002	Aa1
—	Flt Rt Euro Medium Term Notes	2002	Aa1
3.50%	German Bonds	2002	Aa1
—	Flt. Rt. German Notes	2002	Aa1
2.63%	German Bonds	2001	Aa1
3.00%	German Bonds	2001	Aa1
2.30%	German Bonds	2001	Aa1
—	Flt Rt Euro Medium Term Notes	2001	Aa1
—	Bank Financial Strength Rating	—	C+
—	Long-Term Bank Deposit Rating	—	Aa1
—	Short-Term Bank Deposit Rating	—	P-1
<b>Hamburgische LB Finance (Guernsey) Limited</b>			
—	Gtd. Euro MTN Program	—	Aa1
—	Gtd. Euro MTN Program	—	Aa1
—	Gtd. Euro MTN Program	—	Aa1
—	Gtd. Euro MTN Program	—	Aa1
6.00%	Gtd. Fixed/Flt. Rt. Euro MTNs	2020	Aa1
3.20%	Gtd Dual Currency Step Up Euro MTNs	2019	Aa1
4.45%	Step Down Euro MTNs	2019	Aa1
5.38%	Gtd. Euro Medium Term Notes	2011	Aa1
7.00%	Gtd. Euro Medium Term Notes	2011	Aa1
0.00%	Gtd. Zero Cpn. Index Lkd Euro MTNs	2010	Aa1
0.00%	Gtd. Zero Cpn. Index Lkd Euro MTNs	2010	Aa1
1.85%	Gtd. Euro Medium Term Notes	2009	Aa1
6.14%	Gtd. Euro Medium Term Notes	2006	Aa1
4.00%	Gtd. Dual Currency Euro MTNs	2006	Aa1
5.90%	Gtd. Euro Medium Term Notes	2006	Aa1
—	Gtd. Flt Rt Euro Medium Term Notes	2006	Aa1
0.00%	Gtd. Zero Cpn. Index Lkd Euro MTNs	2006	Aa1
6.88%	Gtd. Index Linked Euro Medium Term Notes	2006	Aa1
0.00%	Gtd. Zero Cpn. Euro Medium Term Notes	2006	Aa1
7.25%	Gtd. Euro Medium Term Notes	2005	Aa1
5.63%	Gtd. Euro Medium Term Notes	2005	Aa1
0.00%	Gtd. Zero Cpn. Index Lkd Euro MTNs	2005	Aa1
0.00%	Gtd. Zero Cpn. Index Lkd Euro MTNs	2005	Aa1
0.00%	Gtd. Zero Cpn. Index Lkd Euro MTNs	2004	Aa1
—	Gtd. Flt Rt Euro Medium Term Notes	2004	Aa1

Coupon	Type of Debt	Maturity	Moody's Rating
<b>Hamburgische Landesbank Girozentrale (continued)</b>			
5.22%	Gtd. Euro Medium Term Notes	2004	Aa1
6.88%	Gtd. Euro Medium Term Notes	2004	Aa1
0.00%	Gtd. Zero Cpn. Index Lkd Euro MTNs	2004	Aa1
5.47%	Gtd. Euro Medium Term Notes	2004	Aa1
7.50%	Gtd. Euro Medium Term Notes	2003	Aa1
—	Gtd. Flt Rt Euro Medium Term Notes	2003	Aa1
—	Gtd. Flt Rt Euro Medium Term Notes	2003	Aa1
—	Gtd. Flt Rt Euro Medium Term Notes	2003	Aa1
—	Gtd. Flt Rt Euro Medium Term Notes	2003	Aa1
—	Gtd. Flt Rt Euro Medium Term Notes	2003	Aa1
8.50%	Index Linked Euro Medium Term Notes	2002	Aa1
—	Gtd. Euro Medium Term Notes	2002	Aa1
0.60%	Gtd. Euro Medium Term Notes	2002	Aa1
0.10%	Gtd. Euro Medium Term Notes	2002	Aa1
<b>Hamburgische Landesbank London Branch</b>			
—	Euro MTN Program	—	Aa1
—	Euro MTN Program	—	Aa1
—	Euro MTN Program	—	Aa1
—	Euro MTN Program	—	Aa1

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## Rating History

## Long-term Bank Deposits



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